



from the
DESK OF Carol Galante
Assistant Secretary for Housing/Federal Housing Commissioner



LINKS

July 11, 2013

Biniam Gebre Joins FHA Leadership Team

I am happy to announce that Biniam Gebre is the newest member of FHA's leadership team. This week Biniam came on board as HUD's new General Deputy Assistant Secretary for the Office of Housing. He comes to us from McKinsey & Company, where he has served as a Principal since 2009. During that time, Biniam has been a leader in McKinsey's Public Sector Practice. He is the co-founder of the McKinsey Center for Government and McKinsey's global hub for research, collaboration, and innovation in government performance. He has led the Public Sector Capabilities for Execution initiative, which is a collaborative effort among several McKinsey practices focused on developing insights, tools, and approaches for building capabilities in public sector institutions.

Prior to joining McKinsey in 2000, Biniam received a B.A. from Williams College in Chemistry and an MBA in Finance and Economics from Northwestern University. While at McKinsey he led many engagements on housing finance, risk management, organizational effectiveness, leadership development, operational efficiency, and strategic planning at a number of Federal agencies and private sector institutions. When he is not busy at work he is doing continuous improvement on his kids' tree house. We are excited that he is bringing his extensive expertise and experience to the Office of Housing.

Loss Mitigation Options for Struggling FHA Borrowers

In an effort to help families still struggling in this economy, HUD issued a Mortgagee Letter on June 27, 2013, called *Extension of Unemployment Special Forbearance* which enables borrowers having trouble making their mortgage payments due to unemployment postpone or reduce their monthly mortgage payment while they look for work.

Beginning in August 2011, HUD required FHA servicers to offer suspended or reduced payments for at least 12 months or until the struggling borrower found a job. The program was set to expire August 1, 2013 but has now been extended indefinitely. For more information, go to:

<http://portal.hud.gov/hudportal/documents/huddoc?id=13-22ml.pdf>

HUD.gov/fha

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As part of another initiative to help defaulted FHA Borrowers, on July 9, 2013 HUD published a Mortgagee Letter which provides guidance to FHA-approved lenders about updated Pre-Foreclosure Sale (PFS) and Deed in Lieu (DIL) requirements. This Mortgagee Letter accomplishes the following:

- Permits borrowers to be approved for a Streamlined PFS or DIL without mortgagee verification of hardship, provided the borrowers are 90 days or more delinquent and have a credit score below 620.
- Permits borrowers who are current on their mortgages to qualify for PFS under imminent default provisions based on employment relocation, divorce, death, etc.
- Eliminates the financial hardship/deficit income PFS requirement for a service member who has received Permanent Change of Station (PCS) Orders.

For more information, click

on: <http://portal.hud.gov/hudportal/documents/huddoc?id=13-23ml.pdf>

FHA's Quality Assurance Process

FHA is committed to creating a robust and effective Quality Assurance Process across all programs, and for the Single Family line of business in particular. This process helps FHA better manage risk to the Mutual Mortgage Insurance (MMI) Fund, as well as to taxpayers while ensuring that both lender and FHA processes are efficient, consistent, and transparent.

FHA has already taken a number of steps to improve its own Quality Control processes including:

- Refining its risk based sampling methodology
- Developing a consistent basis of ratings across all home ownership centers(HOCs)
- Improving transparency in findings through publications (e.g. Lender Insight) and stakeholder meetings
- Focusing on business transformations that will improve both pre- and post-purchase QC.

As the next step in this process, FHA has published a Solicitation of Information in the Federal Register seeking comment from the lending industry, consumers, consumer protection agencies, and the general public. Comments are due by September 9, 2013.

This notice provides a way for FHA to receive the constructive feedback necessary to develop a balanced approach to quality control which achieves the following objectives:

- Developing a process that does not hinder or dissuade lending to FHA targeted populations
- Ensuring fair recovery for lender manufacturing defects for FHA and taxpayers
- Facilitating timely feedback to lenders about underwriting quality
- Providing feedback to FHA on the efficacy of its own underwriting policies
- Fairly applying these standards across all FHA lenders.

We look forward to these comments and suggestions as FHA continues to improve its overall risk management efforts and build an organization that can serve the American public for generations to come. Here's a link to the Federal Register Notice: <http://www.gpo.gov/fdsys/pkg/FR-2013-07-09/pdf/2013-16483.pdf>

That's the latest news from HUD's Office of Housing and the Federal Housing Administration. Thank you to all of our stakeholders for your continued support of FHA.